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CalPERS Backs Westly's Global Warming Watch

Pension Fund to Press Automakers on Legal Blockade Against Greenhouse Gas Controls

SACRAMENTO – CalPERS voted today to endorse Controller Steve Westly's call to bring auto executives to California to defend their plans to fight the state's landmark regulations curbing greenhouse gas emissions.

The vote makes CalPERS the second public pension fund to formally embrace Westly's Global Warming Watch, an effort he launched last month with CalPERS President Sean Harrigan to pressure automakers to comply with California's new standards rather than challenging them in court.

"Global warming is real and the risks are huge," Westly said. "Car companies seem to think the answer is to put their lawyers in the driver's seat. Don't expect shareholders to simply go along for the ride."

California is the first state in the country to regulate greenhouse gas emissions. Air Resources Board regulations require new cars to meet the standards starting in 2009. The rules provide for a 30 percent reduction in greenhouse gases by 2016.

New York, New Jersey, Connecticut, Massachusetts, Maine, Vermont and Rhode Island have adopted or are in the process of adopting California's emission regulations. Combined with California, these states make up approximately 25 percent of new U.S. vehicle sales. These states, along with Canada, are also considering adopting the new greenhouse-gas standards.

Experts also believe that the Kyoto Protocol, which will take effect in February 2005, will increase demand for cars using clean technology. Countries ratifying the protocol account for more than 60 percent of worldwide vehicle sales.

Westly, who serves on the CalPERS board, began recruiting public pension funds to join the effort in November after automakers threatened legal action to block the regulations rather than developing cars to meet the growing demand for clean technology. Automakers filed their suit last week.

Westly has made a similar request to CalSTRS, where he also serves as a board member. New York Comptroller Alan Hevesi, who is the sole trustee of that state's public pension fund, signed on as well. CalPERS holds shares in automakers worth more than \$838 million. CalSTRS's auto holdings are worth more than \$716 million.

The Investment Committee also approved a new CalPERS policy restricting private equity investments in companies that perform certain outsourced public sector jobs. Staff developed the policy at Westly's request.

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